

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JUNE 1, 2005**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of June 1, 2005, was called to order by Mayor Beckman at 6:00 p.m.

Present: Council Members – Hansen, Hitchcock (arrived at 6:33 p.m.), Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Actual litigation: Government Code §54956.9(a); one case; *People of the State of California; and the City of Lodi, California v. M & P Investments, et al.*; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- b) Actual litigation: Government Code §54956.9(a); one case; *Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al.*, Superior Court, County of San Francisco, Case No. 323658
- c) Conference with legal counsel – anticipated litigation – significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed
- d) Actual litigation: Government Code §54956.9(a); one case; *Fireman's Fund Insurance Company v. City of Lodi, et al.*, United States District Court, Eastern District of California Case No. CIV-S-98-1489 FCD JFM
- e) Actual litigation: Government Code §54956.9(a); one case; *City of Lodi v. Michael C. Donovan, an individual; Envision Law Group, LLP, et al.*, San Joaquin County Superior Court, Case No. CV025569

C-3 ADJOURN TO CLOSED SESSION

At 6:00 p.m., Mayor Beckman adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 7:00 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:06 p.m., Mayor Beckman reconvened the City Council meeting, and City Attorney Schwabauer disclosed that no reportable action was taken in closed session.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of June 1, 2005, was called to order by Mayor Beckman at 7:06 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. INVOCATION

The invocation was given by Reverend David Hill, Grace Presbyterian Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Beckman.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 Proclamations – None

D-3 (a) During the ribbon-cutting ceremony of Kubota Tractor's new facility on Guild Avenue, Division Manager Rex Young apprised the audience that Kubota intended to donate a tractor to the City of Lodi. The equipment has been delivered to the Parks and Recreation Department and will be used by a number of City departments including Parks and Recreation and Public Works.

MOTION / VOTE:

The City Council, on motion of Mayor Beckman, Johnson second, unanimously accepted the donation of a Kubota Utility Tractor Model Number B-7510HST from Kubota Tractor Corporation.

Mayor Beckman presented a Certificate of Appreciation to Rex Young, Division Manager with Kubota Tractor, in gratitude for their donation.

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Johnson, Beckman second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

E-1 Claims were approved in the amount of \$5,547,911.50.

E-2 The minutes of May 9, 2005 (Special Meeting) and May 16, 2005 (Special Meeting) were approved as written.

E-3 Approved specifications and authorized advertisement for bids for curb, gutter, and sidewalk annual contract.

E-4 Adopted Resolution No. 2005-103 approving the specifications, authorizing advertisement for bids for 3,000 tons of asphalt materials to perform routine pavement repairs and supply material for the thin overlay program for fiscal year 2005-06 at an estimated cost of \$122,300; and authorizing the City Manager to award the contract or reject the bids.

E-5 "Adopt resolution awarding contract for Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations to W. Bradley Electric, Inc., of Novato (\$108,680) and appropriating funds (\$130,000)" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

E-6 Adopted Resolution No. 2005-104 accepting the improvements at 1333 East Kettleman Lane.

E-7 Adopted Resolution No. 2005-105 accepting improvements at 1175 South Guild Avenue.

E-8 Adopted Resolution No. 2005-106 of Vacation to abandon ten-foot public utility easement at 416 South Sacramento Street.

E-9 "Authorize the City Manager to execute a Task Order with West Yost & Associates for groundwater investigation at the White Slough Water Pollution Control Facility and appropriate funds (\$310,000)" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

- E-10 Adopted Resolution No. 2005-107 authorizing the City Manager to execute an agreement between San Joaquin County Data Processing and the City of Lodi Police Department for fiscal year 2005-06 to provide data processing services and access to Automated Message Switching/CJIS Systems, for an estimated annual cost of \$11,857.51, contingent upon the adoption of the 2005-06 Financial Plan and Budget.
 - E-11 Adopted Resolution No. 2005-108 authorizing City departments to continue to purchase desktop and notebook computers, as budgeted, through fiscal year 2005-06, in aggregate amounts of \$15,000 or less, from MPC Computers, Hewlett-Packard, or Dell Computers, under State of California contracts awarded through the Multiple Award Schedule and through the Western States Contracting Alliance.
 - E-12 Introduced Ordinance No. 1760 repealing Lodi Municipal Code Chapter 2.44.030 in its entirety relating to the maximum age of City employees.
 - E-13 "Adopt resolution terminating the Voluntary Time Off Program, effective July 1, 2005" was ***removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.***
 - E-14 Adopted Resolution No. 2005-109 of preliminary approval of Engineer's Annual Levy Report and Resolution No. 2005-110 declaring the intention for the levy and collection of assessment for the Lodi Consolidated Landscape Maintenance Assessment District No. 2003-1; and set public hearing for June 15, 2005.
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ACTION ON ITEMS REMOVED FROM THE CONSENT CALENDAR

- E-5 "Adopt resolution awarding contract for Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations to W. Bradley Electric, Inc., of Novato (\$108,680) and appropriating funds (\$130,000)"

Mayor Pro Tempore Hitchcock felt that \$130,000 was an excessive amount of money for this purpose.

Public Works Director Prima reported that the maximum grant amount is \$128,000 and there is a matching requirement. The project consists of installing a lighted crosswalk system with warning signage on Elm Street at Loma Drive, flashing red overhead beacon and street lighting system at Elm Street and Mills Avenue, and flashing yellow beacon systems on Mills Avenue and Elm Street at various locations. He stated that the mast arms could eventually be converted to a traffic signal.

MOTION / VOTE:

The City Council, on motion of Mayor Beckman, Hansen second, adopted Resolution No. 2005-111 awarding the contract for Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations to W. Bradley Electric, Inc., of Novato, in the amount of \$108,680 and appropriating funds in the amount of \$130,000. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, Mounce, and Mayor Beckman

Noes: Council Members – Hitchcock

Absent: Council Members – None

- E-9 "Authorize the City Manager to execute a Task Order with West Yost & Associates for groundwater investigation at the White Slough Water Pollution Control Facility and appropriate funds (\$310,000)"

At the request of Mayor Pro Tempore Hitchcock, Public Works Director Prima explained that the groundwater investigation work being requested is a continuation of the groundwater monitoring process that was ordered in the City's current discharge permit. Monitoring wells were installed over the last few years. The groundwater directly under the White Slough property is being impacted. More land may be needed to apply the effluent. If the City does not discharge to the Delta there may be a stronger impetus to go to a recycled water system to help distribute wastewater throughout a larger area. He noted that there are other land uses in the area that are considered sources of nitrates, such as dairies, agricultural practices, etc. He stated that there will be a series of technical memorandums throughout the two and a half year timeframe for this \$310,000 project.

MOTION:

Mayor Pro Tempore Hitchcock made a motion, Beckman second, to authorize the City Manager to execute a Task Order with West Yost & Associates for groundwater investigation at the White Slough Water Pollution Control Facility and appropriate funds in the amount of \$310,000.

DISCUSSION:

Council Member Johnson commented that it appears the City is constantly reacting to something it cannot catch up to (i.e. changes in regulatory requirements).

Mr. Prima acknowledged that it is a "moving target"; however, staff has attempted to forecast ahead, as it did when disinfection was instituted, which was not a requirement of the permit.

VOTE:

The above motion carried by a unanimous vote.

- E-13 "Adopt resolution terminating the Voluntary Time Off Program, effective July 1, 2005"

In reply to Mayor Pro Tempore Hitchcock, City Manager King clarified that employees who participated in the Voluntary Time Off Program were encouraged to take the time off; however, if they do not use it, the time is added to their leave banks and will be paid to them upon termination of employment. Under the program, for every six days of Voluntary Time Off, they were granted one additional day of paid vacation.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously adopted Resolution No. 2005-112 terminating the Voluntary Time Off Program, effective July 1, 2005.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Mounce announced that she would be attending the League of California Cities Council Members Academy Executive Forum at the end of July. She reviewed the topics that would be covered at the conference and invited members of the public to express any concerns that they might have in advance.
- Council Member Hansen stated that he participated in the fundraising golf tournament for People Assisting the Lodi Shelter. In response to two recent newspaper articles regarding an upcoming vacancy on the County Board of Supervisors and the City Council considering appeals of Planning Commission decisions, Mr. Hansen stated he had never made a decision based on votes or money and his only political ambition was to be a Member of the City Council and serve the Lodi community.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King announced that the League of California Cities was sponsoring a rally in Stockton tomorrow in support of the implementation of Proposition 42, which was approved by the voters to ensure that gas tax would go to streets and highways projects. Since the proposition's adoption, it has been suspended by the legislature and the money diverted to the State's general fund.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been posted and mailed according to law, an affidavit of which is on file in the office of the City Clerk, Mayor Beckman called for the continued public hearing to consider objections or protests to the Cost of Repairs Report for sidewalk repairs at 633 Holly Drive, confirm Report as submitted by the Superintendent of Streets, and authorize the City Manager to file a Notice of Lien with the Assessor and Tax Collector if the amount is not paid.

Public Works Director Prima reviewed the background related to this matter and options available under the Streets and Highways Code. Staff spoke with the property owner after the last Council meeting and he agreed to pay \$50 per month on the \$645.26 sidewalk repair bill. Mr. Prima recommended that Council authorize the City Manager to file a notice of lien with the tax collector in the event the property owner did follow through with the payment arrangement.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

Discussion ensued regarding the timing of filing the lien and matters related to bankruptcy, which the property owner had previously indicated he had entered.

MOTION / VOTE:

The City Council, on motion of Mayor Beckman, Mounce second, unanimously 1) confirmed the Cost of Repairs Report for sidewalk repairs at 633 Holly Drive as submitted by the Superintendent of Streets, 2) encouraged the property owner to make payments as agreed to, and 3) authorized the City Manager to file a Notice of Lien with the County Recorder's Office to be paid at the time of sale of the property, if not paid in full prior to that time.

- I-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider adopting a resolution to abandon five-foot public utility easement at 2024 Kettleman Lane.

Public Works Director Prima recalled that in 1982 a five-foot public utility easement was dedicated over the west five feet of Lot 59 of "Lakeshore Village, Unit No. 1" in conjunction with the development of the subdivision. The easement was needed for the installation of underground electrical utility lines. The current property owner has requested relocation of the electrical utility facilities and abandonment of the five-foot public utility easement to allow construction of the proposed 19-lot "Mills Crossing" Phase II subdivision on the site.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously adopted Resolution No. 2005-113 vacating and abandoning a five-foot public utility easement located at 2024 Kettleman Lane, Lodi (APN 058-160-91), and that the property owner will be responsible to pay for the relocation of the electrical utility facilities.

- I-3 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider adopting resolution establishing an area of benefit and reimbursable costs (\$30,000) for acquisition of property located at 14320 North Lower Sacramento Road (APN 058-140-13).

Public Works Director Prima reported that the project for the extension of Century Boulevard required the acquisition of some right-of-way at the undeveloped property on the north side of Century Boulevard. The property owner was unwilling to dedicate the land at this time, but recognizes that, long term, this would become a development responsibility if the property was to be developed. An agreement has been reached in which the City would pay the cost of the right-of-way and establish an area of benefit on the property, which would be paid back to the City at the time of development. The reimbursable amount would be recalculated annually to include an amount attributable to interest, using the Engineering News Record Construction Cost Index.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously adopted Resolution No. 2005-114 establishing an area of benefit and reimbursable costs in the amount of \$30,000 for the acquisition of property located at 14320 North Lower Sacramento Road (APN 058-140-13).

- I-4 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider the Transit Division's fiscal years 2003-04 and 2004-05 Program of Projects.

Public Works Director Prima explained that due to the urbanized area issue with the city of Galt, Lodi was not able to claim its program of projects in which it intends to utilize Federal Transit Administration funds. Now that the situation with Galt is resolved, the program of projects for 2003-04 and 2004-05 are being brought forward.

Tiffani Fink, Transportation Manager, noted that for 2003-04 operations costs are needed to close the year out, as the remainder of expenses were covered through other funding sources for transit including fares, Transportation Development Act, and Measure K. \$750,000 is a projection for year 2004-05. The capital projects listed will begin this summer and construction will occur in 2005-06.

In answer to questions posed by Council, Ms. Fink reported that the cost for bus shelters range from \$5,000 to \$10,000 depending upon size and amenities. In reference to the design work at the Municipal Service Center, \$55,000 is only the transit's share of the cost.

Mr. Prima explained that a traffic analysis was done as part of the Lodi Station Project and the parking structure, which suggested that there be a traffic signal at Sacramento and Lockeford Streets.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously accepted the Transit Division's fiscal years 2003-04 and 2004-05 Program of Projects.

- I-5 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider adopting the 2004 California Electrical Code.

Jerry Herzick, Building Official, stated that the California Building Standards Commission has delayed the adoption of the Building, Plumbing, and Mechanical Codes and decided to adopt only the 2004 Electrical Code at this time. The California Electrical Code is based on the 2002 National Electrical Code published by the National Fire Protection Association. The Code provides minimum standards for public safety and protection against hazards that may arise from the use of electricity. Pursuant to the Health and Safety Code, the Building Standards Commission has selected August 1, 2005, as the effective date of the 2004 Electrical Code for all cities and counties in California who adopt it. The new Code requires expanded use of the requirements for arc and ground fault circuit interrupters. He explained that an arc fault circuit interrupter is a circuit breaker than can detect an electrical arc and shut off the power to the circuit before a fire can be caused. These devices will be required in all bedroom circuits. Ground fault circuit interrupters will be required in bars and commercial kitchens. Community Development staff has held meetings with contractors and other interested parties regarding these changes and has notified the Building Industry Association of Delta and Builders' Exchange of Stockton.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION:

Council Member Hansen made a motion, Hitchcock second, to introduce Ordinance No. 1761 adopting the "2004 California Electrical Code," which code regulates the installation, alteration, or addition of electrical wiring, devices, appliances, or equipment in the City of Lodi; and repealing and re-enacting sections 15.16.010 through 15.16.030 of the codes of the City of Lodi, and all other ordinances and parts of ordinances in conflict therewith.

DISCUSSION:

Council Member Mounce expressed concern with Section 15.16.030 Violation – Misdemeanor, to which City Manager King explained that it is the maximum penalty that the City could pursue and would be reserved only for a willful, flagrant, and repeated violation.

VOTE:

The above vote carried by a unanimous vote.

RECESS

At 9:07 p.m., Mayor Beckman called for a recess, and the City Council meeting reconvened at 9:18 p.m.

MOTION TO ADJUST ORDER OF AGENDA ITEMS

Mayor Beckman made a motion, Hansen second, to move Item K-1 to follow Item I-5. The motion carried by a unanimous vote.

- K-1 "Adopt resolution approving installation of no-parking zones for left-turn lanes on Lodi Avenue at Mills Avenue and Pacific Avenue extension"

Paula Fernandez, Senior Traffic Engineer, reported that in August the roadway on Lodi Avenue between Lower Sacramento Road and Ham Lane will be overlaid. Included with the overlay project, staff is recommending installing left-turn lanes on Lodi Avenue along two segments: 1) at the new signalized intersection at Mills Avenue, and 2) near the Pacific Avenue extension adjacent to Lodi High School. Staff received several responses including a petition in opposition of no parking zones to accommodate the turn lanes at the intersection of Lodi and Mills Avenues. The signal at this intersection was constructed without the turn lanes and since November 2004 there have been seven left versus through collisions. Ms. Fernandez stated that those types of collisions could be reduced or eliminated by installing turn lanes, which would improve the visibility and keep motorists from feeling rushed. Staff recommends no parking zones on the south side to accommodate the left-turn lanes. Twenty property owners were sent notification regarding this proposal and the responses were mixed.

Ms. Fernandez stated that the Pacific Avenue extension adjacent to Lodi High School would be constructed as a two-way roadway. Staff is attempting to reduce the congestion at Elm Street and Pacific Avenue along Ham Lane by providing an east bound left-turn lane into Pacific Avenue. It is recommended that there be no parking on the south side to accommodate the turn lane, which will be extended from Pacific Avenue to Ham Lane. Staff has not received any opposition to this recommendation.

In reply to Council inquiries, Public Works Director Prima explained that, typically, the standard process is to have a separate left-turn pocket and if the volume warrants it an arrow is added to allow protected movement. In reference to Pacific Avenue, he stated that the School District has been reluctant to dedicate it as a public street because it needs to be closed off for certain events and to maintain site security.

PUBLIC COMMENTS:

- Barbara Flockhart stated that she and her husband own rental property at 1907 Lodi Avenue. She felt that the intersection of Lodi and Mills Avenues was safer when it was a four-way stop because it slowed traffic. A petition was submitted in favor of a split phase similar to the one that currently exists at Lodi Avenue and Cherokee Lane. She asked why the City had not placed a "left-turn yield on green" sign to help reduce accidents.

Mr. Prima replied that a yield sign will be placed at the intersection; however, split phasing is not recommended.

- Jane Lea asked how many accidents occurred when the Lodi and Mills Avenues intersection was a four-way stop. She suggested that City staff should have planned better in advance of placing the signal at this intersection and reacted more quickly to the accidents that were occurring.
- Jack Flockhart also stated that the intersection of Lodi and Mills Avenues was safer as a four-way stop. He noted that drivers typically travel five or ten miles per hour faster than the posted speed limit. When vehicles are moving at a high rate of speed, it is difficult for motorists to judge how much time they have to make a turn.

Council Member Mounce was opposed to restricting parking in front of residences.

MOTION #1 / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously adopted Resolution No. 2005-115 approving installation of no-parking zones for left-turn lanes on Lodi Avenue at Pacific Avenue extension.

MOTION #2 / VOTE:

The City Council, on motion of Council Member Hansen, Hitchcock second, adopted Resolution No. 2005-116 approving installation of no-parking zones for left-turn lanes on Lodi Avenue at Mills Avenue. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, and Mayor Beckman

Noes: Council Members – Johnson and Mounce

Absent: Council Members – None

I. PUBLIC HEARINGS (Continued)

- I-6 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider adopting by resolution the 2005-06 Financial Plan and Budget and the 2005-06 Appropriations Spending Limit.

Finance Director Krueger reviewed the contents of a packet of materials (filed), which included the following:

- City Manager's Budget Statement – Exhibit A, 6 pages
- Answers to Council Members budget inquiries – Exhibit B, 12 pages
- Responses to Council Members inquiries related to Electric Utility – Exhibit C, 22 pages
- Revised Budget Document Pages – Exhibit D, 47 pages
- City Manager's Work Plan – Exhibit E, 8 pages

Deputy City Manager Keeter reviewed Exhibit B, page 8, and highlighted the following:

- Police Volunteer Supervisor – The person in this position has taken on different responsibilities, and it is being requested to reclassify the position to Special Services Manager. A new job specification will be brought back to Council for approval.
- Parking Enforcement Assistant – There is one full-time parking enforcement assistant and one contract employee serving in the position who has worked 40 hours a week for four years. It is recommended that the contract employee be converted to full-time permanent status.
- Electric Utility Senior Power Engineer – Staff recommends that the position of Manager of Business Planning and Marketing be reclassified to Senior Power Engineer.
- Utility Equipment Specialist – A contract employee has been serving in this position for seven years, and it is recommended that it be converted to full-time permanent status.
- Electric Drafting Technician – A contract employee has been serving in this position for four and a half years, and it is recommended that it be converted to full-time permanent status.
- Electrical Technician – The job specification will be updated and brought back to Council for approval.
- Electric Utility Programs Coordinator – A contract employee has been serving in the position for four years, and it is recommended to reclassify the position to Energy Specialist and convert to full-time permanent status.

- Data Processing Programmer Analyst – It is recommended that this position be reclassified to Information Systems Analyst, and a new job specification will be brought back to Council for approval.
- Library Literacy Project Coordinator – A contract employee has been serving in this position for four years. It is recommended that the position be reclassified to Literacy Services Coordinator, and a new job specification will be brought back to Council for approval.
- Library Administrative Clerk – At the February 2, 2005, City Council meeting, the Library Director requested the reclassification of Administrative Clerk to Administrative Secretary and Council awarded out-of-class pay until the next budget could be considered.

Ms. Keeter noted that Exhibit B, page 10, lists pending reclassifications, which have been placed in queue for possible recommendation during the mid-year budget adjustments. These include positions in the departments of the Library, Public Works, City Clerk, Community Development, Human Resources, and Information Systems Division.

City Manager King reviewed the budget policy related to contract employees. He stated that currently there is one contract employee in the Police Department, three in Electric Utility, one in the Information Systems Division, and one in the Library.

In answer to Council Member Hansen, Police Chief Adams stated that the person serving as Volunteer Supervisor now manages part of the Animal Shelter and Police alarm program. The position would more accurately be described as Special Services Manager. Staff is not proposing a salary increase or salary survey of the position.

Council Member Hansen expressed concern that the positions being reclassified without a salary study or increase would be considered working out-of-class and then be automatically eligible for a pay increase.

Ms. Keeter stated that if the recommended reclassifications are made in this budget, then the only remaining contract employee would be in Electric Utility.

Mayor Beckman suggested that the 29 vacant positions be eliminated from the budget.

Mr. King explained that the positions are being frozen temporarily for cost savings; however, they have been validated and justified as necessary to the organization. Every department has communicated the difficulty of conducting business with the vacancies in place.

Mr. Krueger reported that, currently, the Public Employees Retirement System citywide for all funds is \$5.3 million and the projection for the next budget is \$7.2 million.

Mr. King reviewed the contents of Exhibit C (filed) related to the Electric Utility. Page 16 lists the following projects, which the Electric Utility Director is recommending that the remaining \$11,970,000 in bond proceeds be spent on:

- Killelea Substation reconstruction including installation of 60kV power circuit breakers and structures at the Industrial Substation
- New West Side Substation
- 230kV / 60kV interconnect to West Side and South Side Substations
- Henning and McLane Substations OCB, RTU and relay panel replacement
- Installation of transformer bank #2 and 12kV feeders at the industrial substation
- New Municipal Service Center

Mr. King reported that bulk power purchases represent 63% of the City's budget.

Mr. Krueger noted that the training budget for Electric Utility was reduced by \$25,000 and the amount for supplies was also reduced.

Electric Utility Director Vallow stated that the Killelea Substation project is now larger than was contemplated in 1999. Staff had considered building a transmission line to the west that would have gone to the White Slough property; however, due to the California Independent Service Operator (ISO) and the energy crises, it was put on "indefinite hold." The Western Area Power Administration is considering building a larger control area, which would likely include Lodi. The projects listed to be funded by the remaining bond proceeds are necessary for the Utility's load growth today and to allow flexibility in the future. Mr. Vallow reported that to date \$3.5 million has been spent on the streetlight program. It is estimated that the program can be completed within the next two and a half fiscal years at a cost of \$920,000 from Operations & Maintenance Capital funds. If steel standards were used for the final phase instead of concrete standards it would save approximately \$39,000. Mr. Vallow noted that the concrete standards are much more favored by residents.

Public Works Director Prima mentioned that the height of the concrete standards work well for street illumination purposes when placed under tree canopies.

Council Member Hansen noted that the State mandated Public Benefits Program is listed at 1.1% of the Electric Utility budget; however, it is supposed to be 2.85%.

Mr. Vallow confirmed that the Utility is complying with the program and noted that projects done through the Northern California Power Agency (NCPA) are counted as well. Further, he stated that the Utility can demonstrate that its public benefits expenditures over the last five years are in excess of 2.85%.

Mr. King acknowledged that NCPA has recommended that the Utility spend more money on its Public Benefits Program and to incorporate the expenditure obligation into future rate calculations.

In answer to inquiries posed by Mayor Pro Tempore Hitchcock, Mr. Vallow reported that one employee devotes three-quarters of his time to the streetlight program by acquiring easements, rights-of-way, etc. In reference to the issue of Market Cost Adjustments (MCA), Mr. Vallow recalled that it became necessary due to the "meltdown" of power markets and interference by the Federal Regulatory Commission, which rendered long-term contracts almost valueless. The Utility was forced to join the California ISO. He explained that power is provided by marketers and a few counter parties that generate. In 2002, the City paid to get out of the ten-year contract with Calpine and began purchasing power on short-term markets.

Council Member Hansen felt that there should be a trigger to institute MCAs to ensure a level of stability for the Utility. He asked why it was not done over the last two years.

Mr. Vallow expressed his opinion that an Energy Cost Adjustment is fairer than using MCAs because it "looks in arrears", i.e. it is determined after the facts are known. As to why a MCA was not made in recent years, Mr. Vallow stated that there was never a good time to bring forward an electric rate increase and intimated that it was partly due to Council policy, the former City Manager's preference, and "other pressures" within the City. He recalled that during the last four budgets there was no concern expressed when the Electric Utility's fund balance was under \$3 million. If a higher fund balance is desired, it will require higher rates. He believed the long-term solution would be for the Utility to build its own resources so that the only fluctuating cost component would be natural gas.

Mr. King mentioned that staff has been discussing development of an energy purchase strategy that would be brought forward for Council approval. Quarterly status reports would also be made to Council. It is generally agreed that there should be a movement away from relying solely on short-term agreements.

Council Member Hansen pointed out that MCAs or Energy Cost Adjustments would have avoided the deficit situation that the Utility now faces. He was in favor of a strategy to bring stability to the Utility. In addition, he felt that debt needs should be addressed, as the Utility has now leveraged everything.

In response to Mr. Vallow's previous statement, Mayor Beckman acknowledged that there is never a good time to raise rates; however, it must be done at times, and it is Council's job to vote upon the matter and staff's job to bring the information forward.

Mayor Beckman and Council Members Hansen and Mounce expressed support for finishing the Street Lighting Program.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Mounce, Hitchcock second, continued the subject public hearing to the Regular City Council meeting of June 15, 2005. The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Johnson, Mounce, and Mayor Beckman

Noes: Council Members – Hansen

Absent: Council Members – None

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Council Member Johnson, Beckman second, unanimously voted to hear only Item K-2 following the 11:00 p.m. hour.

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 Appointments

a) "Post for vacancy on the Lodi Animal Shelter Task Force" was ***pulled from the agenda pursuant to the above vote.***

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-2 "Authorize the City Manager to execute a contract for professional services to develop alternative water or wastewater rate structures to fund PCE/TCE remediation"

Public Works Director Prima referenced "blue sheet" material that consisted of a revised staff report and proposed agreement between the City and Bartle Wells Associates (filed). Staff recommends the \$37,000 contract be awarded to Bartle Wells for the purpose of developing alternative water or wastewater rate structures to fund PCE/TCE remediation. In addition to the rate analysis, its services will include preparation of the public notices and resolutions.

In response to Council, City Attorney Schwabauer reported that he would reveal the gross amount of money needed for the cleanup, but would not be itemizing it. He confirmed the legality of basing rates on a conservative estimate of the ultimate financial exposure. Rates can later be adjusted so that the enterprise does not profit at the expense of a conservative estimate.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously authorized the City Manager to execute a contract for professional services with Bartle Wells Associates, of Berkeley, in the amount of \$37,000, to develop alternative water or wastewater rate structures to fund PCE/TCE remediation and appropriated \$50,000 for the contract plus printing, mailing, and contingencies.

- K-3 "Authorize additional Task Orders with Treadwell & Rollo regarding PCE/TCE contamination and appropriate funds (\$280,000)" was ***pulled from the agenda pursuant to the above vote.***
- K-4 "Approve expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and other various cases being handled by outside counsel (\$199,915.09), and approve Special Allocation covering general litigation matter expenses (\$5,559.70)" was ***pulled from the agenda pursuant to the above vote.***
- K-5 "Adopt resolution approving Indemnification and Access Agreement for a portion of the New Shanghai Building from Lodi Adopt-A-Child to E2CR, the remediation contractor for the Busy Bee plume, and authorize the City Manager to execute the agreement" was ***pulled from the agenda pursuant to the above vote.***

L. ORDINANCES

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:57 p.m.

ATTEST:

Susan J. Blackston
City Clerk